

Department of  
Veterans Affairs

# Memorandum

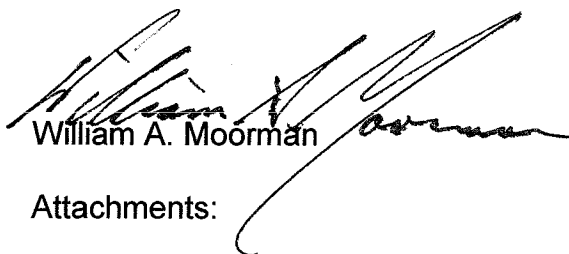
Date: AUG 23 2004

From: Acting Assistant Secretary for Management (004)

Subj: Enhanced-Use Lease Re-Delegation (EDMS# 273063)

To: Secretary (00)

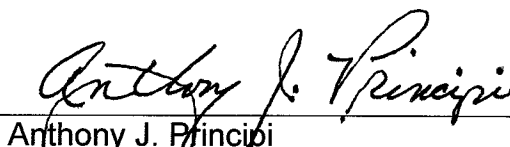
1. The CARES Commission noted a continuing concern with the enhanced-use (EU) lease program's inability to approve/execute EU leases quickly in order to respond to short windows of opportunity in specific markets, or to execute large numbers of projects in response to emergent initiatives such as CARES outcomes or long-term care policy.
2. On March 23, the Office of Asset Enterprise Management presented recommendations to you and the Chief of Staff to streamline the program to make it more responsive to the Department's needs. One of the recommendations was to pursue a plan for the re-delegation of EU efforts to the Administrations, within specific parameters defined in this package. A cross-organizational team developed the attached proposal that addresses the delegation of authority for EU projects meeting certain criteria. The authority to re-delegate the smaller and less complex enhanced-use leases will significantly improve the Department's ability to efficiently and effectively handle the EU lease workload associated with your CARES decisions.
3. If you approve of this plan, please sign below as well as on the attached delegation memorandum. I would be happy to meet with you to discuss this proposal in further detail.

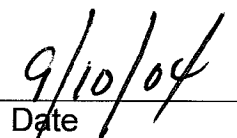
  
William A. Moorman

Attachments:

Delegation Memorandum  
Delegation Plan

Approved:

  
Anthony J. Principi  
Secretary

  
Date



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON  
September 10, 2004

MEMORANDUM FOR THE ASSISTANT SECRETARY FOR MANAGEMENT

Subject: Delegation of Authority for Enhanced-Use Leases

1. DELEGATION. Pursuant to the authority granted under section 512 (a) of title 38 United States Code, I hereby delegate authority to execute and implement enhanced-use leases (including amendments) to the Assistant Secretary for Management, with re-delegation authority as provided herein. This supercedes the previous Delegation of Authority dated January 27, 2003, which is hereby rescinded.
2. AUTHORITY. Section 8162 of title 38 United States Code grants to the Secretary of the Department of Veterans Affairs the authority to enter into enhanced-use leases of real property under the jurisdiction or control of the Secretary.
3. RESTRICTIONS. This delegation is subject to the limitations contained in title 38, United States Code, section 8161, et seq. The person signing any enhanced-use lease shall ensure that all provisions of this law have been strictly adhered to.
4. REDELEGATION. This authority may only be re-delegated pursuant to criteria as set forth in the Enhanced-Use Lease Delegation Plan (Attachment 1), dated as of this date approved by the Secretary.
5. EFFECTIVE DATE. This Delegation of Authority is effective upon signature, and effective until rescinded.

A handwritten signature in cursive script, reading "Anthony J. Principi", is positioned above the printed name.

Anthony J. Principi

## **Delegation Plan**

### **Delegation of Authority to Enter into Certain Enhanced-Use Leases**

**Issue:** On March 23, 2004, the Office of Asset Enterprise Management (OAEM) provided the Secretary and Chief of Staff with a presentation addressing the status of the enhanced-use (EU) lease program. While various advantages of the EU program were noted, a continuing concern is the program's inability to approve/execute EU leases quickly in order to respond to short windows of opportunity in specific markets, or to execute large numbers of projects in response to emergent initiatives such as CARES outcomes or long-term care policy. The presentation included a recommendation to pursue a plan for the re-delegation (within specific parameters to be defined below) of EU efforts to the Administrations and to the field.

**Discussion:** In order to provide reasonable and appropriate safeguards for the use of Department resources, delegation is only proposed for EU projects below certain thresholds of government liability, value, term, and significance; only to individuals meeting proposed qualifications; and only for specific steps in the EU process.

#### **Criteria for projects to be delegated:**

1. **Government Liability** - Projects in which the Department assumes no obligation or liability (other than the outlease of the subject property) for any aspect of the financing of any improvement developed pursuant to the lease, nor guarantees any minimum utilization of such improvement. Projects must be in compliance with applicable OMB scoring guidance.
2. **Value** – Projects with a capital cost (including both the lessee's and any VA contribution other than land) below the threshold for major construction (currently \$7M).
3. **Length of Term** – Projects with a lease term not to exceed 55 years.
4. **Department-level significance** – Projects which are not considered "significant asset initiatives" (such as major campus realignments) or of exceptional visibility (as determined by the Secretary).

#### **Who will receive re-delegation:**

- The Secretary will delegate this authority to the Assistant Secretary for Management. The Assistant Secretary for Management may re-delegate this authority on a project-by-project basis to the Under Secretaries of each Administration. The Under Secretary for Health may further re-delegate this authority at his/her discretion, to the Capital Asset Management and Planning Service in the Office of Facilities Management, or to the VISN Chief Asset Managers. The Under Secretaries for Benefits and Memorial Affairs may not re-

delegate this authority without specific approval from the Assistant Secretary for Management.

- Individuals receiving re-delegation authority will meet standards for training to be established by the Assistant Secretary for Management.
- Any delegation or re-delegation of this authority may be revoked for non-adherence with applicable laws, rules, regulations and policies.

**Steps to be delegated, in accordance with guidance provided by OAEM:**

- Submission of proposed EU projects in annual strategic plans (or other official Secretarial approval process) through the Office of Management for Secretarial approval.
- Preparation of concept plans.
- Coordination and documentation of the public hearing, including preparation of the public hearing notice for VACO clearance and release.
- Development and issuance of the RFP for the project.
- Selection of a lessee.
- Acquisition of all required legal, historical, and environmental documentation. OGC will assign to Regional Counsels the responsibility for providing all legal services (including supervision and oversight of contracted legal support services) relating to EU projects delegated to the field.
- Preparation of Congressional notification documents for VACO clearance and Secretarial signature.
- Execution of the enhanced-use lease.
- Ongoing administration and monitoring of the awarded lease, provided that terminations, disputes, amendments, or other lease administration that result in any change in the project with regard to the delegation criteria listed above or which fall outside of the scope of the approved concept plan are not delegated.
- Preparation of a quarterly report to OAEM on the status of all delegated projects, to include projected and actual dates for milestones for those projects in execution, and projected and actual consideration received for those projects in steady-state.

The following table summarizes the current and proposed steps in the EU process for delegation.

**Specific steps in the enhanced-use process:**

Step	Currently Delegated		Proposed for Delegation/ Comment
Develop concept plan	YES	YES	
Review/approve concept plan	NO	NO	
Inclusion on Secretary's list	NO	NO	List will include projects in annual strategic plans
Coordination, documentation, and conduct of public hearing	YES	YES	
Congressional notification of public hearing	NO	NO	Initiating Administration will prepare Congressional notification packages for CO elements to process for concurrence
Development and issuance of RFP	NO	YES	
Selection of proposed lessee	NO	YES	Based on OAEM guidance
Historic and environmental compliance	YES	YES	
Preparation of legal documents by Regional Counsel	NO	YES	Based on OGC assignment and guidance
Preparation of Congressional Notification of Intent to Award	NO	YES	Will seek to eliminate by proposed legislation
Execution of the EU lease	NO	YES	
Ongoing administration and monitoring of the EU lease	NO	YES	Unless it involves a change affecting factors subject to original delegation criteria
Preparation of quarterly report on status of all EU lease projects	Not currently prepared	YES	